WAR FOOD ADMINISTRATION
Office of Distribution
Washington , D. C. April 1944

STATEMENT ON FATS AND OILS

The problem of an American housewife - guests coming for Sunday dinner, the kitchen invaded by a hungry cat which gets away with the chicken, the stores closed - is a small counterpart of the problem which confronted the Nation when our fats and oils supply was disrupted on December 7, 1941.

The cat having eaten a large portion of her crisp, brown chicken, the housewife, in desperation, would have been satisfied with a piece of ham, a few pork chops, or a pot roast - anything to tide her over.

After the Japanese sneaked in at Pearl Harbor, cutting off the sources of many of our fats and oils imports right at the time when our needs ran into extra billions of pounds, what we wanted most was fats and oils - of virtually any kind of description. And, though the situation has improved considerably in the intervening 2 years, we still are in need of fats and oils.

Living in a peaceful Nation, we had gone complacently about our own business, using about 10 billion pounds annually for all purposes - foods, paints, varnishes, textiles, soap, and a score of other products.

Out of our normal crops of cotton, corn, peanuts, soybeans, flaxseed, hogs, cattle, we produced about 8 billion pounds of fats and oils ourselves. The other 2 billion pounds were imported largely because we needed a type of fat - a hard fat - produced in the Philippines, Dutch East Indies, Malaya, and Africa.

Then, on December 7, 1941, our fats and oils situation was changed almost overnight - changed from one of comparative abundance to one of extremely tight supply.

WAR NECESSITATED MANY CHANGES

War necessitated more and more food for our expanding armies; glycerine for explosives; lubricants, greases, paints, varnishes, for our speeding production lines; drugs and pharmaceuticals for our wounded service men; and fats and oils for scores of other needs, including those of our allies, whose grain fields had become battlefields.

Fats and oils hold a key position among the world's important foodstuffs and industrial raw materials - in peace and in war. Composed mainly of carbon and hydrogen, with minute quantities of oxygen, fats and oils are the most concentrated form of energy-bearing foods. They provide about one-third of the total calories, and somewhat less than one-tenth of the Vitamin A requirements in our daily diet.

In industry, they are indispensable raw materials for many wartime processes. In fact, 32 percent of our expected 12-billion pound supply in 1944 will be used for nonfood purposes.

Of the total nonfood supply, soap alone will require 54 percent. The mistaken idea, however, is that soap is needed for cleansing purposes only. That is far from accurate. Noncleansing soaps are used in scores of industrial processes.

For example, tallow soap is vital as an emulsifying agent in the production of synthetic rubber. Two liquids - butadiene and styrene - are brought together in a water emulsion to produce the rubber. The emulsifying agent must

not enter into the chemical reaction and, therefore, cannot be made of materials which would interfere with the combination of the liquids. Tallow soap has been found, after extensive experimentation, to be the only material satisfactory for the process.

Industrial soaps also are performing such other wartime uses as lubricants for dies used in punching cartridge cases, for rubber molds, for lubricating fibers in carding and spinning operations, and for cutting oil emulsions.

DIFFERENCE IN FATS AND OILS IS ONLY SLIGHT

Fats and oils differ only in their solidity or liquidity at certain temperatures, which chemically is principally due to differences in the degree of saturation with hydrogen. These differences can be overcome by hydrogenation.

Fats and oils normally used in the manufacture of edible products now are being used, when in excess of edible requirements, to relieve tight spots in the industrial field. Lard, for instance, has been used in recent months for the production of soap. Linseed oil, at the moment in good supply, is being used in the manufacture of edible products for our allies. Linseed oil is one of our most important drying oils and normally is used almost exclusively in paints, varnishes, and lacquers.

Both lard and linseed oil can be used in soap making, but lard is more satisfactory for the purpose because it is a hard fat. Linseed oil is a soft or liquid fat and would have to be hydrogenated - an extra chemical process - before it could be used for soap.

It is WFA's policy, therefore, to take advantage of this interchangeability in most fats and oils by using good supplies in one field to overcome short supplies in another.

In other words, WFA looks upon fats and oils largely as a single commodity in one huge barrel, to be withdrawn and applied to required uses in the quantities absolutely necessary.

Although from a strictly technical viewpoint most fats and oils are largely interchangeable with suitable processing, there are many barriers to complete interchangeability. There are minor differences in the characteristics of the various fats and oils, and there are artificial barriers in the form of price differences and legal restrictions. Consequently, while the over-all allocation of fats and oils treats them as a single commodity, the allocation of the individual fats and oils is a highly complex problem influenced by price, availablity, custom and law, as well as the selection of the best fat or oil to do a particular job.

So our problem is only a magnification of the housewife's Sunday dinner problem. It doesn't make much difference what kind of fats or oils we get. What we want are fats and oils. That barrel hasn't been full since Pearl Harbor. It must be filled - and kept full.

PRODUCTION INCREASE, EVERYBODY'S PROBLEM

We have increased production of domestic oilseed crops to astounding figures. Hog and cattle production has reached all-time records. We're draining every possible pound of oil from every domestic source of supply.

Various programs have been inaugurated by WFA to protect our inventories and conserve our resources. Fats and oils have been channeled into the uses most essential to the war program.

Conservation is not simply an industry problem. It is the problem of every family - and every member of that family - in the country. The WFA the War Production Board and the Office of Price Administration simply coordinate the program.

It is just as important for the housewife to save her family's used fats as it is for the farmer to plant an extra acre of soybeans, peanuts, corn or flaxseed. A strip of bacon will yield more than a teaspoonful of reusable fat. An acre of soybeans yields about 153 pounds of oil and an acre of peanuts about 212 pounds.

Our fat salvage goal of 230 million pounds of used kitchen fats in 1944 will be equivalent to the oil produced from 1,082,353 acres of peanuts, or 1,503,267 acres of soybeans. Likewise, it will be equivalent to the lard from 7 million head of hogs or the tallow from the slaughter of about 3 million head of cattle.

THE FARMER HAS DONE AN OUTSTANDING JOB

Production of oilseed crops in 1943 jumped 73.8 percent ahead of that of 1941. Hog slaughter under Federal inspection jumped 36 percent, and cattle slaughter jumped 7 percent.

American farmers planted 10,146,000 acres of soybeans in 1941, 14,762,000 acres in 1943; 3,001,000 acres of peanuts in 1941, 5,677,000 in 1943; 3,470,000 acres of flaxseed in 1941, 6,320,000 acres in 1943. There was little change in the production of cottonseed.

Hog slaughter under Federal inspection in 1941 totaled 46.5 million head, and in 1943 it totaled 63.4 million head. Cattle slaughter under Federal inspection totaled 10.9 million head in 1941, and 11.7 million head in 1943.

These are the principal domestic sources of our fats and oils supply, though only a comparatively small percentage of the commodities as a whole represents fat. More than 90 percent of our 1944 supply will come from these sources, which also supply many other items.

OUR SHORTAGE IS IN HARD FATS

Broadly speaking, there are two types of fats - hard fats and soft or liquid fats. Th real shortage is in hard fats, the type formerly imported in any quantities needed or desired. Salvaged kitchen fats are hard fats, and that's why so much emphasis is being placed right now on the Fat Salvage Program. It is estimated that about 500,000,000 pounds of kitchen fats are wasted annually. The fat salvage collection goal is less than half that much. Every American housewife is doing her bit for America every time she turns in a pound of kitchen fat.

U. S. NOW AN EXPORTER NATION

When we went to war in December 1941, we were destined - of absolute necessity - to become not only self-sufficient in fats and oils, but also to be among the world's greatest exporters. Our role as a net importer Nation was cast aside.

In 1943, our exports of fats and oils totaled 1,478,000,000 pounds - record shipments from this country. Quantities shipped last year under Lend-Lease were 70 percent greater than in 1942, though only about 12 percent of our total supplies. Imports, on the other hand, have declined more than 50 percent since 1941.

Minimum requirements will be greater than ever in 1944. Shipments to our allies will continue at high levels and military requirements will expand. Relief requirements for Europe are still an unknown factor, but may be larger than we anticipate.

A rising per capita consumption of fats in the first 40 years of the present century ranks as one of the outstanding dietary changes in the industrial nations. In World War I, the blockade of Europe created no greater hardship for civilians than the severe shortage of fats. In European industry, fats and oils became as scarce as copper, nickel, and other essential metals. Again in World War II, the scarcity of food fats is universal in many warring nations.

It is possible that our domestic supply, though 4 billion pounds above peacetime normal, may grow much more stringent before the end of 1944. Crushing of the 1943 oilseed crop, and the slaughter of hogs are past the seasonal peak and we now are approaching the period of seasonally low inventories. The late spring and summer months are low inventory periods because the crushing of oilseeds and the slaughter of pigs are largest in the fall and winter.

Most of the peanuts, and cottonseed available for oil are crushed during the 6-8 month period beginning in September. Hence inventories near the end of that period are at their peak levels for the year, and use of the oil must be spread more or less evenly throughout the year.

These large seasonal increases in inventories during recent months have taxed storage facilities so as to require more liberal policies with needed fats to prevent spoilage. If we are too liberal, however, it might react against us in periods of low inventories. The War Food Administration tries to keep the distribution as evenly as possible throughout the year.

WFA ALLOCATION POLICIES ARE OUTLINED

Minimum requirements for 1944 in the use of all fats and oils will be slightly more than 12 billion pounds. We will meet these needs only by continued record production of domestic oilseed crops, hogs and cattle; by continued conservation not only by industry but by an extra determination on the part of every American housewife that no used kitchen fats shall go down the drain; and by importing as much as possible.

The general rationing of food for civilians began in March and April, 1943. Since the beginning of the war, the Government has had the responsibility of balancing the supply of fats and oils - and various other foods - with the heavy wartime demand. (In the case of fats and oils, WFA also is responsible for industrial distribution and consumption). This responsibility is being translated into action through 3 broad programs - allocation, Government purchase, and civilian distribution.

A food is allocated - that is, a plan of division is decided upon - whenever it appears that the demand for that food or group of foods will exceed the supply. Food is allocated to allow and provide for its maximum contribution to the war program.

Generally speaking, WFA's policy is to give first consideration in the allocation of fats and oils to the needs of the armed services; secondly, to the essential needs of U. S. civilians; and thirdly, to the needs of our allies.

If this policy is to be successful, measures are required to make sure that the needed fats and oils are obtained from available supplies. Such measures have been applied by WFA in the form of food distribution orders, set-aside orders, limitation orders, and special allocations.

The magnitude of Government procurement operations (WFA purchases daily about 8 million dollars' worth of more than 300 different commodities) and the long-range nature of the Army and Navy supply program obviously require the maintenance of substantial operating inventories. In addition, the uncertainties of various requirements (including the indefinite anticipated needs for feeding liberated areas) combined with the irregular availability of shipping space and weather conditions which affect crops - require contingency reserves of food and supplies. These reserves are the lowest compatible with good management, and frequently are employed to fill the emergency needs of U. S. civilians.

WFA DETERMINES NECESSITY FOR FOOD RATIONING

The necessity for civilian rationing of all foods, including fats and oils, as well as its time and extent, are determined by WFA. Actual administration of the rationing program is the responsibility of the Office of Price Administration. WFA informs OPA periodically the quantities of food available for civilian consumption and consults with OPA on the allocation of these foods among different civilian uses, and on needed adjustments in permitted levels of consumption.

Although rationing is popularly believed to constitute a control on the quantity of food civilians receive, this is not the primary function of rationing. Rationing is simply a mechanism to give each consumer an opportunity to obtain a fair share of the available supply. In other words, it is a means of obtaining more equitable distribution of commodities too short in supply to fill the unrestricted demand.

Rationing is used as a control over the total supply only to a minor extent. The most effective control is at the source by limiting the manufacture of commodities. An outstanding exception to this method, however, is lard. Lard is a byproduct of hog slaughtering and obviously it is not practical to control the production of lard when to do so would result in curtailed slaughter and, therefore, meat production. Consequently, in a period of heavy slaughter such as has occurred in the past few months, the production of lard exceeds the average for the year, and when all storage facilities are filled it is necessary to remove restrictions on its use until the supply is reduced. Such conditions occurred late in February and lard was removed from the ration list early in March,

With the removal of lard from rationing, the civilian demand on the companion products, shortening and cooking oils, which are largely interchangeable with lard, decreased to a point where the supply became adequate to provide equitable distribution to the consumers without rationing. Accordingly, in line with the policy of removing restrictions whenever they are no longer needed, shortening and cooking oils no longer required ration points after April 16. It should not be inferred from this action that there is an abundance of fats and oils, but only that the retail and wholesale stocks of some fat and oil products temporarily have become sufficient to eliminate the need for consumer rationing.

The production of shortening and cooking oils still is controlled at the manufacturing level at the same rate as it has been since October 1, 1942.

The following table shows a comparison of WFA's allocation of edible products for 1944 with civilian consumption during 1942 and the average for 1935 to 1939:

(In millions of pounds)

Commodity	Total allocable supplies	Contingency reserve	Mil., war services	Exports & shipments 1/	Civilians, U. S.	Apparent Civilian Consumption 3/ 1942	Apparent Civilian Consumption 3/ 1935-39 average
Edible fats and oils	8252.4	119.7	769.9	1710.8	5652.0	6371.0	6235.0
Lard	3000.9	48.9	99.6	1059.4	1793.0	1764.0	1419.0
Butter	2046.1	10.0	366.5	113.6	1556.0	2053.0	2170.0
Shortening 2/ & other oils	2589.1	60.8	302.8	388.5	1837.0	2259.0	2343.0
Margarine 2/	616.3	0.0	1.0	149.3	466.0	295.0	303.0

1/ Includes shipments to our allies, other friendly nations, U. S. territories, Red Cross, and other special needs.
2/ Fat content.
3/ Fat content except for butter.

The next table estimates the per capita consumption of butter, lard, margarine, shortening and oils during the last several years (in pounds), per capita per year.

Fats and oils (fat content) (except butter)	1932	1935-39	1941	1942	1943	Allocation 1944
Butter, farm & factory	18.2	16.8	16.0	15.7	12.5	12.1
Lard " " "	14.4	11.0	14.2	13.5	14.3	13.9
Shortening & other oils	12.2	18.2	18.9	17.3	16.4	14.3
Margarine	1.3	2.3	2.2	2.3	3.3	3.6
Total fats and oils	46.1	48.3	51.3	48.8	46.5	43.9

Still another table shows the 1944 allocation of fats and oils for inedible and industrial uses (in millions of pounds):

	Total 1944
Soap	2106.6
Paint and varnish	575.6
Coated fabrics	98.3
Printing ink	25.7
Lubricating oils	282.7
Textiles and leather	179.3
Rubber	159.1
Core oils	86.8
Vitamin carriers	30.0
Pharmaceutical	22.7
Putty and other caulking compounds	33.1
Other industrial uses	288.8

The figures in all three tables are tentative and are subject to change with changing conditions.

To assure, so far as is humanly possible, the meeting of these allocations, WFA is currently administering 24 food orders - principally allocation and limitation orders.

The crux of the whole program, however, is embodied in a single order, known in the trade as War Food Order 42.

WFO 42 sets up a schedule of food and industrial products - margarine, shortening and oils, paints, varnishes, soap, etc. - and requires that manufacturers of these products for civilian use must stay (in the use of fats and oils in their manufacture) within certain limitations of the average quantity used for the same purpose in 1940 and 1941.

The first table above shows that 8,252,400,000 pounds of fats and oils - about 68 percent of the total available supply - have been allocated in 1944 for edible purposes.

With the exceptien of margarine, the limitations range from a current 60 percent for paints, varnishes, and lacquers to an average of 92 percent for soaps. Manufacturers of margarine, are permitted to use 167 percent of the fats and oils used for making margarine in 1940 and 1941.

Since the allocation does not state the oils which will be available for specific purposes, such as margarine, and shortening, we're going to find it necessary to "turn on the faucet" and see what we have in our barrel.

Margarine and shortening in pre-war years were made from a large number of different fats and oils, some of which no longer are available in sufficient quantities for these purposes as their characteristics are better adapted for other uses. Consequently, the manufacture of margarine and shortening is now limited to the use of soybean, cotton seed, corn, and peanut oils and animal fats as raw materials. Conversely, the use of these fats and oils is restricted for other purposes so that, to a large extent, they are used only for edible purposes.

Cottonseed, peanut, soybean and corn oils are all domestically produced in varying quantities. They are regulated (or allocated) by WFA under War Food Order 29.

In order to manufacture the margarine, shortening, and cooking and salad oils required for all purposes, manufacturers call on us every calendar quarter for a supply of fats and oils sufficient to do the job.

All applications for allocation of the four edible oils are in by the 10th of the third month in each calendar quarter. Thus, before a new quarter begins, WFA allocates the oils for use in that period.

For illustration, take a particular quarter. After studying the applications, WFA has determined that the available supply will permit 11,371 tank cars (60,000 pounds each) to be made into margarine and shortening during April, May, and June, 1944. These cars will be proportioned as follows: For civilians, 10,312 cars; for the armed services, allies, War Shipping Administration, WFA purchases, etc., 879 cars; and for industrial uses, 180 cars.

Now let's turn on the faucet and see what we get.

The 11,371 tank cars will be comprised of 4,722 cars of cottonseed oil, 301 cars of peanut oil, 5,378 cars of soybean oil, and 970 cars of corn oil.

These allocations are made on the basis of available supply, and do not always give a manufacturer the kind or type of oil he prefers. As a matter of fact, rarely does a manufacturer get his request as to kind and type supplied 100 percent.

For example, a manufacturer of margarine in normal times uses cottonseed oil exclusively. He still wants his entire quota of 1,000 tank cars in cottonseed oil. Here is where WFA takes advantage of interchangeability. The manufacturer is allocated 100 percent of his fats and oils quota, but not in cottonseed oil. Instead, he is given 50 percent in cottonseed oil and 50 percent in soybean oil, which is in better supply.

Hence, as stated, it isn't cottonseed oil or soybean oil, or peanut oil, or linseed oil, or tallow and grease - or any one of a score of others - that we need. What we must have are any fats and any oils.

The following table (Schedule A of FDO No. 42) lists the permitted percentages of fats and oils in various edible and industrial commodities, based on 1940-1941 average use, showing the wide range of familiar products which require fats and oils in their manufacture:

Class of Use:	Permitted percentage
Manufacture of margarine	167
Manufacture of other edible finished products, including shortening	88
Manufacture of package and bar soap	90
Manufacture of bulk package soap	110
Manufacture of abrasive hand soap	150
Manufacture of paints, varnishes, lacquers, and other protective coatings	60
Manufacture of linoleum, oilcloth (for floor coverings), and felt base floor coverings	60

Class of Use: Cont'd	Permitted percentage
Manufacture of oilcloth (for all purposes other than floor coverings) and all other coated fabrics.....	60
Manufacture of paint containing not more than one pound of fats and oils per gallon of paint (by a manufacturer of paste water paint, dry casein paint, or dry protein paint, as such, in the base period...	60

All these are products which U. S. civilians normally use freely and without restriction. Now, however, they're having to get along as best they can on the available supply. The percentages prescribed, remember, are on a 1940-41 basis.

Therefore, it's up to us - farmers, housewives, industry and all - to keep on producing and conserving fats. We've got to have all the fats and oils we can get - and more.

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WAR FOOD ADMINISTRATION
Office of Marketing Services
Washington, D.C.

Statement of A. Setrakian President of Raisin Producers Assn.,
at the California Grape & Raisin Industry Conference
held in Washington, D . C. on April 30,1945

Mr. Chairman, We meet today to consider the development of such a 1945 Raisin Program under which requirements for raisins may be properly met.

In order to discuss and consider the 1945 Raisin situation we believe it is only good business that we explore the 1944 raisin program with the lamp of experience.

The 1944 profit-sharing program was founded on the fundamentals of "Justice and Fair Play". The 1944 program aimed to correct the injustices of 1942 and 1943 programs, and give to all raisin variety grape growers "Small or Big" the same measure of equity. It was not a perfect program. We doubt if any one man, or group of men, can conceive and formulate a perfect program for an agricultural commodity such as grapes which enjoy 4 major outlets and each outlet begging and bidding against the other for its utilization.

No--the 1944 Raisin Program was not perfect-the 1944 Program was Decent . Decent - - because,

(1) It provided to our armed forces and our allies their needed requirements for raisins.

(2) It provided our civilian population with a reasonably ample supply of raisins.

We do not agree with some who have continuously and consistently stated that too large a tonnage of raisins was allotted for the use of our civilian population. During these terrible times where shortages of nutritious foods were so apparent throughout our nation, the supply of raisins undoubtedly proved not only very helpful, but added much to the health of the nation.

The raisin producers of California accepted the challenge of our government to make the maximum tonnage of raisins in 1943, and produced 401,000 tons. In 1944 our government asked the raisin producers to produce 306,000 tons. We missed by one ton and produced 307,000 tons.

The records will prove that the raisin producers - through production of 708,000 tons of raisins during the year of 1943 and 1944 wrote one of the most brilliant chapters of loyalty in the history of American Agriculture.

True, much was said and much was written to confuse and bewilder the minds of raisin producers. Raisin producers laughed at the faces of the persons who were planting the poisonous seed of confusion for their presonal gains, and did the job of producing raisins - and did it well. The 1944 program was conceived and formulated with great care and serious consideration. The fundamentals of the 1944 program met the wholehearted approval of such outstanding leaders as Ray B. Wiser, President, Farm Bureau; Dr. Harry Wellman,of Giannini Foundation; Jesse W. Tapp former Acting Food Administrator; W.N. Keeler, General Manager of Sun Maid; O.M. Davis, head of the Grange, in the area where the raisins are produced. The 1944 Raisin Program was very simple and not complicated. It provided:-

(a) An equitable support price.

(b) It provided that whatever raisin variety grape was not dried into raisins be sold to the best advantage of raisin growers and the profits be divided equitably to all raisin variety grape growers.

This profit-sharing feature was specifically inserted in the 1944 Program in order to correct the terrible injustice to which the honest raisin grape growers were subject to in 1942, and clarified the profit-sharing situation which was not clearly contained in the 1943 Raisin Program. Of course, we all know what took place in 1944. The Government's requirements for raisins were fully met. A profit of $9,000,000 was realized from the sale of some 165,000 tons of raisin variety grapes. The incentive payment of $10.00 per ton to raisin makers has been made. Some $6,000,000 now is ready to be distributed to all raisin variety grape growers on the basis of $4.30 per fresh ton or $17.20 per dry ton.

The distribution of this $6,000,000 is withheld because of action filed against the Commodity Credit Corporation by a hand-full of Muscat growers whose total production is less than 1% of California's production of raisin variety grapes.

The 1944 Raisin Program has been called a "Communal", I presume, that means Communistic and Socialistic program. It is , of course, to be sincerely regreted that certain persons, either through greed and selfishness, or because the money they are paid for having made a hobby of twisting and distorting facts and to use the most unwarranted, reckless, loose and intemperate language to criticize a program which was conceived and formulated for the purpose of giving all the raisin variety grape growers a yard stick with which to measure their economic happiness equitably.

Now, the question comes up - what sort of a 1945 program we should have in order to be able to produce the needed requirements for raisins and treat all raisin variety grape growers eqiitably. The Directors of the Raisin Producers Association have considered the 1945 raisin situation with serious care. We were appointed as collaborators in November, 1942. At the first meeting when we met and organized, knowing what had taken place in 1942 under Order 201-M where some grapes were permitted to be shipped fresh and others to be dried. We unanimously resolved that the only way government's requirements for raisins could be properly met was through an all-out conversion program . We have not changed our mind one bit.

The performance of 1943 and 1944 programs prove most conclusively that there is one, and only one way, to deliver to our government the tonnages of raisins they want- and that is through a Regulatory Order - if that is not done everything else must be considered purely as guess work.

The members of the Raisin Producers Association met on March 17, 1945 and again on April 12, 1945, and agreed unanimously on the following declaration:-

(1) That the only sure way to secure government's 1945 needs of raisins is through an all-out conversion program.

(2) That the only program through which all raisin variety grape growers can receive a fair and equitable treatment is a profit-sharing program like that of 1944.

The Directors of the RPA unanimously believe that the raisin producers will not support the continuance of Order 17 unless the 1944 profit of $6,000,000, the payment of which is now withheld, is immediately distributed equitably to all raisin variety grape growers.

We are here today to discuss and consider a very important matter.

Therefore, we must let our hair down and approach this discussion with foresight, with courage, and with frankness. Thousands of raisin producers entered into an agreement with Commodity Credit Corporation for the performance of the 1944 Program in which division and distribution of profits was specified in the most clear and understandable English.

Now, we are told that this money cannot be distributed because some growers have filed action against the CCC. We said in our letter of March 17th directed to C.W. Kitchen, Director of the Office of Marketing Services, War Food Administration and I quote:-

> "We are not going to trespass upon the grounds of propriety and discuss the merits of the pending suit, that is for the courts to determine."

We maintain the same stand today.

Naturally, while because of our lack of knowledge in law, we cannot discuss the legal merits of the suit, we can, however,discuss and will discuss the grounds upon which this suit has been instituted. We beleive this is necessary because of its direct and postive relation to the 1945 raisin situation.

In a memorandum prepared by the Muscat protestants in September, 1944, it was stated that "Although technically the Muscat Grape is designated as a raisin variety in practice, it is a wine grape, and in the past has been so used". That anyone having any knowledge of the industry could make such a statement almost passes belief. Let the record speak for itself. During the years '39, '40, '41,and '42 36% of the total production of Muscat variety grapes were made into raisins. For the same period 76% of the total production of seedless variety grapes were dried. Of the total production of Muscat Grapes for the years 1939 to 1944 inclusive, 49% were dried into raisins. For the same period, of the total production of Thompsons 83% were dried into raisins.

Historically, fresh grapes going into interstate or winery consumption has always been controlled by that price which raisin packers paid for Thompsons, Sultanas and Muscat raisins.

Now, the proponents of this law suit claim that Muscat variety grapes are recognized as Juice grapes.

This presentation of mine today is the fifth consecutive presentation in Washington. In 1941 Government gave to the raisin producers a support price of $70.00 for Muscat and $75.00 for Thompson raisins.

I am just wondering what would have been the attitude of the Muscat grape producers if the government had said at that time that your grapes are not raisin variety grapes because you dispose a larger tonnage through winery and interstate outlets than raisins. Unquestionably the very men that today so boldly say that their

grapes should be considered as wine grapes and excluded from Order 17 and that they should enjoy all the profits realized from the sale of Muscat variety grapes - would have been the first ones to blast Washington officials through congressmen and senators - and rightfully so - for such an unfair attitude.

We go on record and state right now, and time will prove that we are absolutely correct, that when this honeymoon is over and when normal times come back again, and when a raisin support price is needed, the Muscat men who are now crying to high heavens and seeking special privileges will be again in the front begging and pleading that the Muscat variety grapes also be given the chance to enjoy the support price.

We say this because as in the past, also in the future, that which will control and regulate the price on all raisin variety grapes, regardless of channel of distribution will be the price obtained by the grower for raisins. The proponents of this law suit state that they should enjoy all the profits from Muscat sales alone because their grapes mostly were disposed of through the winery outlets.

Well, the records do not agree with this statement either. Again - let the facts speak for themselves - in 1939, 70,000 tons fresh Muscats and 68,000 tons of Thompsons; in 1940, 165,000 tons Muscats and 195,000 tons Thompsons; in 1941 127,000 tons Muscats - 211,000 tons of Thompsons; in 1942, 45,000 tons Muscats 43,500 tons Thompsons; in 1943, 13,000 tons of Muscats and 19,300 Thompsons; and in 1944, 78,000 Muscats and 59,700 Thompsons went to wine. The reason which in the past prompted many growers to choose the wine outlet was not because they were getting more money, no, the reason was because it was difficult and at times very risky to dry Muscat grapes in some territories.

It was for that very reason that Mr. John Dodds, Washington official, connected with War Food Administration, stated on June 14, 1944 - "Growers living in a district where there is more weather risk in drying, or growers who have raisin variety grapes that cannot be as easily or as quickly dried as some other type will be given preference on their application not to dry their grapes."

Not a single grower, whether he was Muscat or Suntana or Thompson seedless producer, have been ever told at any stage of harvesting season that if he placed his grapes on trays his raisins would not be accepted.

On the contrary, the insurance feature of 1944 raisin program guaranteed every raisin variety grape grower the support price of raisins regardless of when he picked his grapes and placed them on the trays, or regardless of how much damage the grapes had received through inclement weather conditions.

The small group of persons and their spearhead, who most viciously and ruthlessly attacked the 1944 program made a major issue - the depriving of the American public from the use of Muscat gra pes for food purposes.

It has always been ununderstandable and unexplanable how the president and the manager and some other directors of a grape service association attempted through pamphlets, through huge newspaper ads, telegrams, chain letters, spread such a false propaganda. Everyone of them knew that this sort of a statement was not true. The facts are this - - - for a period of 13 years, from 1930 to 1942 inclusive, 53,310 cars of Muscat grapes were shipped out of California. The average annual shipment was 3,870 cars.

Out of this huge tonnage shipped out of California 509 cars of Muscats were used as table grapes and the remaining tonnage was crushed in private cellars for the purpose of making home-made wine. Let us forget about these 13 years. Let us see what happened in 1944, where the spearhead of this opposition shed bitter tears that the housewife's preserving kettle and the American public did not have Muscat grapes to eat and enjoy the nutritional food vitamins contained in table Muscat grapes. Some of the directors of this service association recognized as the large table grape growers and shippers through letters and wires demanded that the shipment of Muscat grapes be permitted so that the American public would enjoy this health-giving food. These same persons shipped hundreds of cars of Muscat grapes out of California. In fact, during the year of 1944 in excess of 1,400,000 boxes of Muscat table grapes were shipped out of California. Gov't records show not a single box of Muscat was shipped out of Calif. as table grapes. They were all crushed in someones cellar for wine. This whole issue depriving the American public Muscat grapes as food was injected for the purpose of confusing and bewildering the public mind and breaking the 1944 program.

In the face of existing records the directors of RPA rightfully believe that if a 1945 raisin program is made effective for the purpose of furnishing our government with its requirements of raisins, the Muscat and Sultana variety grapes which have from time immemorial been accepted as raisin variety grapes must be included in the order and no special privileges be extended to these varieties. The directors of RPA have at all times seriously considered whether under any other program, except an all-out conversion and profit-sharing program, could the requirements of our government be met. While 1943 and 1944 have been severely critisized by a small group, yet to date, no one has been able to present another program which would do the job.

True, for months this small group which attacked 1944 Raisin program and baptized it as a socialistic program presented only one plan, which is the so-called percentage plan. This percentage plan was advocated through press, letters, telegrams, pamphlets, huge ads and radio.

We kept on telling them that the percentage plan was impractical. They would not listen. It was only after the crop was harvested, the raisins were made, that the spearhead saw the light and stated at the Chicago convention that much of the things he had said were the result of the enthusiasm of youth and also declared on March 26, 1945 at the Modesta conference, regarding the percentage plan - "I know it won't work" and further stated that he wanted no part of the administration of such a program.

We feel morally obligated to remind the government officials that if a 1945 regulatory raisin program is placed into effect the same opposition which disregarded the fundamentals of truth and correct reporting may be there again to attack the program. If a 1945 regulatory order is placed into effect government must be prepared to enforce the carrying-out of the program, even though this requires the placing of an inspector on a 24-hour basis in every packing house, shipping shed, and winery in the San Joaquin Valley - for only by strict enforcement can any industry program be entirely equitable to all concerned.

Again we state that if the government finds that it cannot make distribution of the 1944 profits at this time, or if it finds that it cannot include in the 1945 program all three varieties of raisin grapes on a profit-sharing basis, or if it finds it is not in a position to carry on the enforcement of such a program as it should be carried out, then the question arises as to whether or not under any other

arrangement - short of a regulatory program - can there be produced reasonably sufficient raisins to meet government's requirements, civilian and military.

After months of discussion, serious and careful consideration, we have been unable to find any other procedure which would completely guarantee such production.

In order to keep the records clear, we state now that the feeding of our civilian population is just as of a great importance as the supplying of other outlets. Not only that, at any given year, and Washington should know this - if the civilian outlet is not amply supplied with raisins it will indeed have a disasterous effect on the grape industry as a whole in subsequent years.

Now the question comes up, if government finds it unable to place a 1945 regulatory program into effect - what is the next best move?

It is the opinion of the Board, arrived at after long and careful consideration, that the next best procedure would be the establishment of a support price for raisins in relation with prices obtained by growers who sell raisin grapes to other outlets. How many raisins can be obtained on such a basis will, of course, depend upon how close this relationship is.

Because of the necessity of declaring a support price in as short a time as possible we believe at this time the support price should be $200.00 on Thompsons and Sultanas, and $215.00 on Muscats - leaving the door open for further negotiations if it develops that other grapes sold by growers through other outlets bring prices much higher than these support prices.

We have stated before and we state now with all the emphasis, that unless the raisin ceiling established on raisin growers is lifted the making of raisins in 1945 will meet serious difficulties. It is very important that we take a historical glance at this ceiling situation. The raisin ceiling was established upon growers in 1942, 1943 and 1944.

It worked fairly well in 1942. During the latter part of 1943 season the practice of bootlegging and blackmarketing became very prevalent. With the passing of 1943 we were hopeful that steps would be taken to either wipe out this dishonest practice of bootlegging and blackmarketing, or if that was impossible to take the ceiling off of the growers.

That was not done.

And today it is common knowledge that many raisin growers and packers, through collusion have violated the ceiling flagrantly and saturated the raisin producing area with the sin of bootlegging and blackmarketing. Our plea for lifting the ceiling is not based on the reasoning that through this method the growers will be able to realize more money. On the contrary, what we are very apprehensive of is the army of honest growers who have for two years watched and seen their neighbors through this or that method of collusion sell their raisins at a higher price and are so fed up that we believe they will resent and hesitate in making raisins. We cannot understand, while on one hand the grower of table grapes and juice grapes is permitted to dispose his products through winery and fresh outlet, without a grower ceiling, yet on the other hand the producer of raisins is forced to suffer an established ceiling.

We understand that some raisin packers are advocating the idea of allocation of raisins. We object to any scheme of allocation to processors because: -

(a) It will prove unenforcible.

(b) It will make some of the processors suffer unwarranted hardships.

(c) It will deprive the raisin producers from the right to deal with the packer he chooses.

(d) Unquestionably if this scheme of allocation is adopted it will contain the well-known hardship clause.

The hardship clause will open the gate to the new avenue of the evil practice of blackmarketing.

The board believes that in order to protect the raisins from weather damage and thus secure the acquisition of as many properly dried raisins as possible, deliveries should be required to be completed by January 15, 1946.